



ABSTRACT

An investor adjusts a risk-return characteristic of a portfolio of investments by using a graphical user interface to adjust a pointer on a screen up or down. In response, the computer system automatically recalculates the required mix of the portfolio's stocks. Trades are then sent to the system for execution to implement the adjusted portfolio. Thus, investors are afforded a simple click-of-a-mouse mechanism to adjust their entire portfolio to precisely the types of portfolio characteristics desired without having to know about the various interactions of securities with each other or the portfolio effects of changing one security or another or have any other knowledge. Smaller investors can create and manage on a cost-effective basis a complex portfolio of securities using a mechanism that enables the investor to provide to the system the investor's preferences regarding his portfolio, to generate a portfolio, including fractional shares, that reflects the investor's preferences. The system then permits aggregation of the orders, and netting of orders, generated by multiple investors at various times during the day for execution. In addition, the structure of the computer-based system of the present invention allows its cost to be based on access to or usage of the system (such as a monthly fee) as opposed to by securities orders entered into the system as per common brokerage. The result is that the investor can create a portfolio of directly owned securities with attributes, such as diversification, similar to a mutual fund. As compared with the problems with existing systems, the computer-based system of the present invention provides complete control for the investor over what securities can be selected, and in what weights and amounts, as well as control over the tax effects of purchases or sales of the securities comprising the portfolio, preventing the investor from being presented with unwanted taxable effects due to discretionary sales transactions of fund managers. In addition, the computer-based system of the present invention provides all the information necessary to monitor and manage tax effects and capability to sell or buy the individual securities in his portfolio to obtain desired tax benefits, all shareholder rights with respect to each security in the portfolio to the investor and full ownership and control over all investment, voting and other decisions regarding such securities. The computer-based system of the present invention also allows for parameters to be set with respect to a portfolio to ensure that it stays within certain diversification or risk limits. Furthermore, the computer-based system of the present invention provides direct control over the charges and expenses that will be incurred, and the possibility of

~~making multiple intra-day investment decisions by the investor, if he wishes. Moreover, the computer-based system of the present invention provides control over all factors in the portfolio and modification of them as the investor sees fit.~~